Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

UNCLASSIFIED

PAGE 01 USUN N 05025 01 OF 02 142159Z

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ACTION IO-10

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-10 RSC-01

L-02 FRB-01 OMB-01 TAR-01 SP-02 SWF-01 AGR-10 AID-05

CIAE-00 COME-00 EB-07 INR-07 LAB-03 NSAE-00 OIC-02

SIL-01 STR-04 TRSE-00 CIEP-02 CEA-01 OPIC-06 PA-02

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FM USMISSION USUN NY
TO SECSTATE WASHDC 7428

UNCLAS SECTION 1 OF 2 USUN 5025

E.O. 11652: N/A
TAGS: EGEN, ECOSOS, UNGA
SUBJ: 29TH GA: SECOND COMMITTEE - ITEM 12, REPORT
OF ECOSOC: RESOLUTION A/C.2/L.1373

QUOTED BELOW IS TEXT PUBLISHED NOVEMBER 13 OF RESOLUTION ENTITLED "REFORM OF THE INTERNATIONAL MONETARY SYSTEM". DEPT'S COMMENTS REQUESTED.

REPORT OF THE ECONOMIC AND SOCIAL COUNCIL

ALGERIA, INDIA, IRAN, PERU, AND SRI LANKA: DRAFT RESOLUTION

REFORM OF THE INTERNATIONAL MONETARY SYSTEM

THE GENERAL ASSEMBLY,

RECALLING ITS RESOLUTIONS 3201 (S-VI) AND 3202 (S-VI) OF 1 MAY 1974 ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER,

RECALLING ALSO ITS RESOLUTION 3084 (XXVIII) OF 6 DECEMBER
UNCLASSIFIED

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PAGE 02 USUN N 05025 01 OF 02 142159Z

1973 ON THE REFORM OF THE INTERNATIONAL MONETARY SYSTEM,

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

RECOGNIZING THAT THE ATTAINMENT OF THE PURPOSES OF THE
REFORM OF THE INTERNATIONAL MONETARY SYSTEM ALSO DEPENDS
UPON ARRANGEMENTS FOR INTERNATIONAL TRADE, CAPITAL,
INVESTMENT, AND DEVELOPMENT FINANCE INCLUDING THE ACCESS
OF DEVELOPING COUNTRIES TO CAPITAL MARKETS IN DEVELOPED
COUNTRIES,

EMPHASIZING IN THIS CONNECION THE AGREED OBJECTIVE THAT
IN ORDER TO PROMOTE ECONOMIC DEVELOPMENT, ANY REFORMED
MONETARY SYSTEM MUST BE CARRIED OUT SIMULTANEOUSLY WITH
EFFECTIVE ARRANGEMENTS TO PROMOTE AN INCREASING NET FLOW OF
REAL RESOURCES TO DEVELOPING COUNTRIES,

RECOGNIZING FURTHER THAT THE QUESTION OF ESTABLISHING A
LINK BETWEEN DEVELOPMENT FINANCE AND SPECIAL DRAWING
RIGHTS ALLOCATION HAS BEEN THROUGHLY EXAMINED AND THE
TECHNICAL FEASIBILITY FULLY ESTABLISHED,

TAKING NOTE THAT THE BOARD OF GOVERNORS OF FMI/IBRD HAVE
ESTABLISHED A JOINT MINISTERIAL COMMITTEE ON THE TRANSFER
OF REAL RESOURCES TO DEVELOPING COUNTRIES ALSO CALLED IBRD/IFM
DEVELOPMENT COMMITTEE,

1. TAKES NOTE OF THE RECOMMENDATIONS PRESENTED BY THE
COMMITTEE OF 20 ON REFORM OF THE INTERNATIONAL MONTARY
SYSTEM AND RELATED ISSUES AND THE DECISIONS ADOPTED
BY THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY
FUND, BOTH WITH REGARD TO THE IMMEDIATE STEPS AND THE
LONGER-TERM REFORM, AND STRESSES THE NEED TO CONTINUE EFFORTS
TOWARDS A REFORMED WORLD MONETARY SYSTEM FULLY IN LINE WITH
THE DECISIONS TAKEN BY THE GENERAL SSSEMBLY ON A NEW
INTERNATIONAL ECONOMIC ORDER, BASED ON CO-OPERATION
AND CONSULTATION WITHIN THE FRAMEWORK OF A STRENGTHENED
INTERNATIONAL MONETARY FUND, THAT WILL PROMOTE ECONOMIC
DEVELOPMENT AND ENCOURAGE THE GROWTH OF WORLD TRADE ON
A STABLE AND EQUITABLE BASIS;

2. EXPRESSES CONCERN AT THE DIFFICULT AND COMPLEX
PROBLEMS FACING THE WORLD ECONOMY, SUCH AS GENERALIZED
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INFLATION AND THE PROSPECTS OF RECESSION AS WELL AS THE
ACUTE PROBLEMS CONFRONTING, IN PARTICULAR, DEVELOPING
COUNTRIES; AND EMPHASIZES THE NEED TO SOLVE SUCH PROBLEMS
BY THE CO-OPERATIVE EFFORTS OF THE INTERNATIONAL
COMMUNITY AS A WHOLE, IN LINE WITH THE PRINCIPLES AND OBJECTIVES
ESTABLISHED IN GENERAL ASSEMBLY RESOLUTION 3202 (VI),
WITH NATIONAL ANTI-INFLATIONARY POLICIES THAT TAKE INTO
ACCOUNT THE REPERCUSSION ON OTHER COUNTRIES AND PARTICULARLY

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

ON THE DEVELOPING COUNTRIES; AND WITH FINANCIAL ARRANGEMENTS
DESIGNED TO EASE THE SHORT-TERM BALANCE-OF-PAYMENTS
PROBLEMS THAT TAKE FULLY INTO ACCOUNT THE NEEDS OF ALL
COUNTRIES CONCERNED;

3. ENDORSES THE CONCEPT OF AN ADJUSTMENT PROCESS IN WHICH
ADEQUATE METHODS TO ASSURE TIMELY AND EFFECTIVE BALANCE-
OF-PAYMENTS ADJUSTMENT WILL BE ASSISTED BY IMPROVED
INTERNATIONAL CONSULTATION WITHIN THE INTERNATIONAL
MONETARY FUND;

4. WELCOMES THE ESTABLISHMENT OF THE INTERIM COMMITTEE
OF THE BOARD OF GOVERNORS OF THE INTERNATIONAL MONETARY
FUND ON THE INTERNATIONAL MONETARY SYSTEM AS WELL AS OF
THE IBRD/IMF DEVELOPMENT COMMITTEE;

5. REAFFIRMS THE CENTRAL ROLE OF THE UNITED NATIONS CONFERENCE
ON TRADE AND DEVELOPMENT ON MATTERS RELATED TO TRADE
AND DEVELOPMENT AS WELL AS ON THE POLICY AND CO-ORDINATING
FUNCTIONS OF THE ECONOMIC AND SOCIAL COUNCIL UNDER THE
CHARTER AND, IN THIS CONNEXION, EXPRESSES THE HOPE THAT
A FRUITFUL CO-OPERATION WILL DEVELOP BETWEEN THE
IBRD/IMF DEVELOPMENT COMMITTEE AND THOSE BODIES;

6. NOTES WITH SATISFACTION THE RECOGNITION OF THE IMPORTANCE
OF THE TRANSFER OF REAL RESOURCES TO DEVELOPING COUNTRIES
FOR THE EFFICIENT FUNCTIONING OF THE INTERNATIONAL
ADJUSTMENT PROCESS AND WELCOMES IN THIS CONNEXION THE DECISION
THAT THE NEW INTERIM COMMITTEE OF THE INTERNATIONAL MONETARY
FUND WILL GIVE CONTINUED ATTENTION TO THE TRANSFER
OF REAL RESOURCES IN THE CONTEXT OF THE ADJUSTMENT
PROCESS;

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7. STRESS THE IMPORTANCE OF AVOIDING THE ESCALATION OF
RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES DURING
THE INTERIM PERIOD WHEN THE REFORMED MONETARY SYSTEM
IS FURTHER DEVELOPED AND PARTICULARLY OF SAFEGUARDING
THE INTERESTS OF THE DEVELOPING COUNTRIES AT ALL TIMES
DURING THIS PROCESS; AND IN THIS CONTEXT WELCOMES
THE RECOMMENDATIONS OF THE COMMITTEE ON REFORM OF THE
INTERNATIONAL MONETARY SYSTEM AND RELATED ISSUES
THAT DEVELOPING COUNTRIES SHOULD BE EXEMPTED TO THE FULLEST
EXTENT POSSIBLE FROM RESTRICTIONS APPLIED BY DEVELOPED
COUNTRIES;

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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PAGE 01 USUN N 05025 02 OF 02 142215Z

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FM USMISSION USUN NY
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UNCLAS SECTION 2 OF 2 USUN 5025

8. FURTHER STRESSES THAT THE IMPROVED MANAGEMENT OF INTER-
NATIONAL ECONOMY BOTH IN THE SHORT AND LONG TERMS REQUIRES
AN INTEGRATED APPROACH ENCOMPASSING MEASURES IN THE MONETARY,
DEVELOPMENT, FINANCIAL AND COMMERICAL SPHERES AND, THAT
IN ORDER TO BE FULLY RESPONSIVE TO DEVELOPMENT REQUIRE-
MENTS OF DEVELOPING COUNTTIRES, THE REFORMED MOENTARY
SYSTEM SHOULD BE DEVELOPED INCONJUCTION WITH COMMEN-
SURATE ARRANGEMENTS FOR THE EXPANSION OF THE EXPORTS OF
THE DEVELOPING COUNTRIES AND AN ACCELERATION IN THE FLOW
OF REAL RESOURCES TO THEM UNDER FAVOURABLE TERMS AND
CONDITIONS, CONSISTENT WITH THEIR DEVELOPMENT NEEDS;

9. URGES DEVELOPED COUNTRIES, FOR THIS PURPOSE:
(A) IN DESIGNING THEIR ADJUSTMENT MEASURES, NOT TO REDUCE
THE ACCESS OF EXPORTS FROM DEVELOPING COUNTRIES TO THEIR MARKETS,
THE ACCESS OF THESE COUNTRIES AND INTERNATIONAL FINANCIAL
INSTITUTIONS TO THEIR FINANCIAL MARKETS, NOR TO REDUCE
THE VOLUME OF OFFICIAL DEVELOPMENT ASSISTANCE OR HARDEN
ITS TERMS AND CONDITIONS;
(B) FORTHWITH TO REMOVE EXISTING LEGAL INSTITUTIONAL AND
ADMINISTRATIVE OBSTACLES TO THE ACCESS OF DEVELOPING COUNTRIES
TO THEIR FINANCIAL MARKETS, AND ALL SUCH IMPORT RE-
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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

STRICUTIONS WHICH HAVE BEEN IMPOSED IN CONTRAVENTION
OF THE STANDSTILL AGREEMENT CONTAINED IN THE GENERAL
AGREEMENT ON TARIFFS AND TRADE, THE UNITED NATIONS
CONFERENCE ON TRADE AND DEVELOPMENT AND THE INTERNATIONAL
DEVELOPMENT STRATEGY FOR THE SECOND UNITED NATIONS DEVELOPMENT
DECADE;
(C) TO ACCELERATE THE PACE OF THE IMPLEMENTATION OF
THE TARGETS LAID DOWN IN THE INTERNATIONAL DEVELOPMENT
STRATEGY FOR THE NET AMOUNT OF FINANCIAL RESOURCES
TRANSFERS TO THE DEVELOPING COUNTRIES, PARTICULARLY ITS
OFFICIAL COMPONENT, SO AS TO MEET AND EXCEED THE TARGET
OF THE STRATEGY;
(D) TO ADOPT MEASURES FOR LIBERALIZATION OF TRADE,
AND FOR PERFERENTIAL ACCESS OF EXPORTS OF DEVELOPING
COUNTRIES IN WORLD MARKETS, AS LAID DOWN IN THE STRATEGY
AND IN ACCORDANCE WITH THE TIME TARGETS SET THEREIN;

10. WELCOMES THE DECISION TO UTILIZE THE SPECIAL DRAWING
RIGHTS AS THE PRINCIPAL RESERVE ASSET AND ALSO THE
NUMERAIRE IN TERMS OF WHICH PAR VALUES WILL BE EXPRESSED;

11. EMPAHSIZES THAT THE LONG OVERDUE POLITICAL ACCEPTANCE
OF THE LINK BETWEEN DEVELOPMENT FINANCE AND SPECIAL DRAWING
RIGHTS ALLOCATION MUST BE DECIDED UPON WITHOUT FURTHER
DELAY; BEARING IN MIND THAT THE OUTLINE OF THE REFORM
PROVIDES THE EXECUTIVE BOARD TO PREPARE BY FEBRUARY 1975
A PACKAGE OF AMENDMENTS TO THE ARTICLES OF AGREEMENT OF
THE INTERNATIONAL MONETARY FUND INCLUDING ONE OT AUTHORIZE
THE FUND TO IMPLEMENT THE LINK;

12. WELCOMES THE ESTABLISHMENT BY THE FUND OF THE
OIL FACILITY AS WELL AS THE NEW EXTENDED FACILITY UNDER
WHICH DEVELOPING COUNTRIES HOULD BE ABLE TO RECEIVE
LONGER-TERM BALANCE-OF-PAYMENTS FINANCE UNDER CONCESSIONAL
TERMS AND CONDITIONS AND URGES THE NEED TO FURTHER IMPROVE
THE TERMS AND CONDITIONS OF BOTH FACILITIES IN ORDER TO
MAKE THEM FULLY RESPONSIVE TO THE BALANCE-OF-PAYMENTS
NEEDS OF THE DEVELOPING COUNTRIES;

13. STRESSES THAT THE NEW EXTEND FUND FACILITY CANNOT
BE CONSIDERED AS A SUBSTITUTE FOR THE LINK;
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14. STRESSES THE NEED TO REVISE THE QUOTA SYSTEM OF THE
INTERNATIONAL MONETARY FUND SO AS:
(A) TO REFLECT MORE ACCURATELY THE REQUIREMENTS
OF DEVELOPING COUNTRIES FOR, AND THEIR ABILITY TO CONTRIBUTE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

TO, BALANCE-OF-PAYMENTS FINANCE;
(B) TO REFLECT RECENT CHANGES IN BALANCE-OF-PAYMENTS POSITION AND CREDITOR POSITIONS OF THE MEMBERS OF THE FUND;
(C) TO INCREASE THE PARTICIPATION OF DEVELOPING COUNTRIES IN THE DECISION-MAKING PROCESS OF THE FUND;

15. EMPHASIZES THAT ANY DECISION ON THE CURRENT STATUS OF GOLD:
(A) SHOULD BE INTERNATIONALLY AGREED;
(B) SHOULD SERVE TO PROMOTE THE OBJECTIVES OF THE MONETARY REFORM, WITH THE SPECIAL DRAWING RIGHTS BECOMING THE PRINCIPAL RESERVE ASSET AND WITH THE ROLE OF GOLD AND RESERVE CURRENCIES BEING GRADUALLY REDUCED;
(C) SHOULD NOT ACCENTUATE EXISTING INEQUITIES IN THE DISTRIBUTION OF NEWLY CREATED WORLD LIQUIDITY.
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US Department of State
EO Systematic Review
30 JUN 2005

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